Thinking Electronic Industrial Company Limited

Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Thinking Electronic Industrial Co., Ltd.

Opinion

We have audited the accompanying financial statements of Thinking Electronic Industrial Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statement").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's financial statements for the year ended December 31, 2022 is described as follows:

<u>Recognition of revenue from export sales</u>

The Company's principal business is the manufacturing and selling of passive components. The consolidated revenue mainly comes from export sales. Since the sales locations include Asian and European markets, the recognition of its export sales requires more control mechanisms; therefore, we have considered the authenticity of the recognized export sales of specific customers as a key audit matter. For the accounting policy on revenue recognition, refer to Note 4 (l) to the financial statements.

Our main audit procedures performed in response to the above-mentioned key audit matter included the following:

1. We understood and tested the effectiveness of the management's internal control process that is related to the authenticity of the recognized export sales.

2. We selected samples from the sales details from export sales and examined the shipping documents and receipt certificates to confirm the authenticity of the export sales.

3. We verified that the revenue amounts recognized in the export sales ledger were the same as the data recorded in the accounts receivable ledger.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based

on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jia-Ling Chiang and Chiu-Yen Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,752,733	13	$ 1,428,034	12
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 27)	92,250	1	-	-
Notes receivable (Note 9)	2,557	-	3,879	-
Accounts receivable, net (Notes 4 and 9)	833,552	7	829,581	7
Accounts receivable - related parties (Notes 9 and 28)	179,793	1	212,413	2
Other receivables	5,822	-	5,245	-
Other receivables - related parties (Note 28)	1,058	-	266	-
Inventories (Notes 4 and 10)	350,148	3	410,995	4
Other financial assets - current (Notes 11 and 29)	151,700	1	276,800	2
Other current assets	53,181	-	38,812	-
Total current assets	3,422,794	26	3,206,025	27
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	25,723	-	36,273	-
Investments accounted for using the equity method (Notes 4 and 12)	7,955,007	61	7,490,254	63
Property, plant and equipment (Notes 4, 13, 28 and 30)	1,368,831	11	936,977	8
Right-of-use assets (Notes 4 and 14)	51,078	1	53,092	-
Computer software, net (Note 4)	29,015	-	33,652	-
Deferred tax assets (Notes 4 and 23)	94,791	1	99,007	1
Prepayments for equipment (Note 28)	49,726	-	77,806	1
Net defined benefit assets - non-current (Notes 4 and 19)	13,514	-	11,100	-
Other financial assets - non-current (Notes 11 and 29)	2,315	-	31,115	-
Total non-current assets	9,590,000	74	8,769,276	73
TOTAL	$ 13,012,794	100	$ 11,975,301	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 15)	$ 678,000	5	$ 749,630	6
Financial liabilities at fair value through profit or loss- current (Notes 4,7 and 27)	92,340	1	-	-
Accounts payable (Note 16)	26,974	-	47,752	-
Accounts payable - related parties (Notes 16 and 28)	378,977	3	428,093	4
Other payables (Note 17)	356,036	3	382,554	3
Other payables - related parties (Note 28)	3,999	-	5,599	-
Current tax liabilities (Notes 4 and 23)	144,994	1	96,076	1
Lease liabilities - current (Notes 4 and 14)	1,465	-	1,023	-
Current portion of long-term borrowings (Notes 4 and 15)	14,458	-	-	-
Refund liabilities - current (Notes 4 and 18)	84,696	1	92,669	1
Other current liabilities (Notes 4 and 25)	3,073	-	2,764	-
Total current liabilities	1,785,012	14	1,806,160	15
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 15)	1,022,218	8	688,100	6
Deferred tax liabilities (Notes 4 and 23)	1,324,251	10	1,255,099	10
Lease liabilities - non-current (Notes 4 and 14)	52,235	-	53,700	1
Long-term deferred revenue (Notes 4 and 25)	19,879	-	13,489	-
Guarantee deposits received	120	-	120	-
Total non-current liabilities	2,418,703	18	2,010,508	17
Total liabilities	4,203,715	32	3,816,668	32
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 12 and 20)				
Ordinary shares	1,281,127	10	1,281,127	11
Capital surplus	352,907	3	352,907	3
Retained earnings				
Legal reserve	1,316,508	10	1,159,089	10
Special reserve	222,378	2	201,436	1
Unappropriated earnings	5,776,786	44	5,386,452	45
Total retained earnings	7,315,672	56	6,746,977	56
Other equity	(140,627)	(1)	(222,378)	(2)
Total equity	8,809,079	68	8,158,633	68
TOTAL	$ 13,012,794	100	$ 11,975,301	100

The accompanying notes are an integral part of the financial statements.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 21 and 28)	$ 3,619,285	100	$ 3,775,517	100
OPERATING COSTS (Notes 10, 22 and 28)	2,466,157	68	2,310,989	61
GROSS PROFIT	1,153,128	32	1,464,528	39
UNREALIZED GAINS FROM SALES (Notes 4 and 28)	(26,915)	(1)	(29,161)	(1)
REALIZED GAINS FROM SALES (Note 4)	29,161	1	4,773	-
REALIZED GROSS PROFIT	1,155,374	32	1,440,140	38
OPERATING EXPENSES (Notes 4, 10, 22 and 28)				
Selling and marketing expenses	122,438	3	127,963	3
General and administrative expenses	198,016	6	224,462	6
Research and development expenses	140,083	4	134,925	4
Expected credit loss (gain)	(130)	-	631	-
Total operating expenses	460,407	13	487,981	13
PROFIT FROM OPERATIONS	694,967	19	952,159	25
NON-OPERATING INCOME AND EXPENSES (Notes 12, 22, 25 and 28)				
Interest income	25,666	1	15,999	-
Other income	3,474	-	2,272	-
Other gains and losses	141,037	4	(44,909)	(1)
Finance costs	(11,939)	-	(7,220)	-
Share of profit of subsidiaries	837,609	23	1,070,155	28
Total non-operating income and expenses	995,847	28	1,036,297	27
PROFIT BEFORE INCOME TAX	1,690,814	47	1,988,456	53
INCOME TAX EXPENSE (Notes 4 and 23)	316,981	9	411,149	11
NET PROFIT FOR THE YEAR	1,373,833	38	1,577,307	42

(Continued)

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ 1,360	-	$ (1,430)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(10,550)	-	(3,208)	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method	884	-	(1,977)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	(272)	-	286	-
	(8,578)	-	(6,329)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	611,730	17	(139,598)	(4)
Share of the other comprehensive income (loss) of subsidiaries accounted for using the equity method	(496,354)	(14)	117,430	3
Income tax related to items that may be reclassified subsequently to profit or loss	(23,075)	(1)	4,434	-
	92,301	2	(17,734)	(1)
Other comprehensive income (loss) for the year, net	83,723	2	(24,063)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,457,556	40	$ 1,553,244	41
EARNINGS PER SHARE (Note 24)				
Basic	$ 10.72		$ 12.31	
Diluted	$ 10.66		$ 12.25	

The accompanying notes are an integral part of the financial statements. (Concluded)

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

			Retained Earnings				Other Equity			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total Equity
BALANCE, JANUARY 1, 2021	$ 1,281,127	$ 348,263	$ 1,020,206	$ 284,655	$ 4,572,550	$ 5,877,411	$ (206,975)	$ 5,539	$ (201,436)	$ 7,305,365
Appropriation of 2020 earnings (Note 20)										
Legal reserve	-	-	138,883	-	(138,883)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(704,620)	(704,620)	-	-	-	(704,620)
Reversal of special reserve	-	-	-	(83,219)	83,219	-	-	-	-	-
	-	-	138,883	(83,219)	(760,284)	(704,620)	-	-	-	(704,620)
Net profit for the year ended December 31, 2021	-	-	-	-	1,577,307	1,577,307	-	-	-	1,577,307
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(3,121)	(3,121)	(17,734)	(3,208)	(20,942)	(24,063)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,574,186	1,574,186	(17,734)	(3,208)	(20,942)	1,553,244
Difference between consideration and carrying amount of subsidiaries acquired (Notes 12 and 20)	-	4,644	-	-	-	-	-	-	-	4,644
BALANCE AT DECEMBER 31, 2021	1,281,127	352,907	1,159,089	201,436	5,386,452	6,746,977	(224,709)	2,331	(222,378)	8,158,633
Appropriation of 2021 earnings (Note 20)										
Legal reserve	-	-	157,419	-	(157,419)	-	-	-	-	-
Special reserve	-	-	-	20,942	(20,942)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(807,110)	(807,110)	-	-	-	(807,110)
	-	-	157,419	20,942	(985,471)	(807,110)	-	-	-	(807,110)
Net profit for the year ended December 31, 2022	-	-	-	-	1,373,833	1,373,833	-	-	-	1,373,833
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,972	1,972	92,301	(10,550)	81,751	83,723
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,375,805	1,375,805	92,301	(10,550)	81,751	1,457,556
BALANCE AT DECEMBER 31, 2022	$ 1,281,127	$ 352,907	$ 1,316,508	$ 222,378	$ 5,776,786	$ 7,315,672	$ (132,408)	$ (8,219)	$ (140,627)	$ 8,809,079

The accompanying notes are an integral company only financial statements.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,690,814	$ 1,988,456
Adjustments for:		
Depreciation expense	81,398	74,808
Amortization expense	7,463	5,559
Expected credit loss (gain)	(130)	631
Net loss on financial assets or liabilities at fair value through profit or loss	2,165	-
Finance costs	11,939	7,220
Interest income	(25,666)	(15,999)
Dividend income	(988)	-
Share of profit of subsidiaries	(837,609)	(1,070,155)
Gain (loss) on disposal of property, plant and equipment, net	(404)	1
Loss on inventories	86,781	9,418
Unrealized gain on transactions with subsidiaries	26,915	29,161
Realized gain on transactions with subsidiaries	(29,161)	(4,773)
Reversal of provisions	-	(47,912)
Amortization of grants income	(749)	(752)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(2,075)	-
Notes receivable	1,322	1,445
Accounts receivable	(3,841)	(29,372)
Accounts receivable - related parties	32,620	73,314
Other receivables	357	(271)
Other receivables - related parties	(792)	(169)
Inventories	(25,934)	(212,700)
Other current assets	(14,369)	(20,048)
Net defined benefit assets	(1,054)	(1,123)
Accounts payable	(20,778)	27,404
Accounts payable - related parties	(49,116)	(163,900)
Other payables	(45,631)	83,798
Other payables - related parties	(449)	4,014
Other current liabilities	313	306
Refund liabilities	(7,973)	(30,398)
Cash generated from operations	875,368	707,963
Interest received	24,732	14,137
Interest paid	(6,896)	(4,753)
Income taxes paid	(218,042)	(196,554)
Net cash generated from operating activities	675,162	520,793
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment accounted for using equity method	(43,740)	(29,250)
Acquisition of property, plant and equipment	(467,337)	(420,863)

(Continued)

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Proceeds from disposal of property, plant and equipment	$ 1,973	$ -
Acquisition of intangible assets	(2,826)	(10,852)
Increase in other financial assets	-	(276,800)
Decrease in other financial assets	153,900	-
Dividends received	536,090	-
Net cash generate from (used in) investing activities	178,060	(737,765)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	678,000	4,450,200
Decrease in short-term borrowings	(749,630)	(4,075,570)
Proceeds from long-term borrowings	351,240	353,540
Decrease in guarantee deposits received	-	(10)
Repayments of the principal portion of lease	(1,023)	(929)
Cash dividends paid	(807,110)	(704,620)
Net cash (used in) generated from financing activities	(528,523)	22,611
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	324,699	(194,361)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	1,428,034	1,622,395
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	$ 1,752,733	$ 1,428,034

The accompanying notes are an integral part of the financial statements. (Concluded)

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Thinking Electronic Industrial Co., Ltd. (the "Company") was incorporated in July 1979. The Company mainly manufactures, processes and sells electric devices, thermistors, varistors and wires.

The Company's shares have been listed on the Taiwan Stock Exchange since September 2000.

The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors on March 22 , 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Company chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and the Company shall recognize the cumulative effect of initial application in retained earnings at that date. The Company shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. The Company shall restate its comparative information when it initially applies the aforementioned amendments.

Upon initial application of the aforementioned amendments, the anticipated impact on the current year is set out below:

	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
Impact on assets, liabilities and equity			
December 31, 2022			
Deferred tax assets	$ 94,791	$ 10,740	$ 105,531
Total effect on assets	$ 13,012,794	$ 10,740	$ 13,023,534
Deferred tax liabilities	$ 1,324,251	$ 10,216	$ 1,334,467
Total effect on liabilities	$ 4,203,715	$ 10,216	$ 4,213,931
Retained earnings	$ 7,315,672	$ 524	$ 7,316,196
Total effect on equity	$ 8,809,079	$ 524	$ 8,809,603
January 1, 2022			
Deferred tax assets	$ 99,007	$ 10,945	$ 109,952
Total effect on assets	$ 11,975,301	$ 10,945	$ 11,986,246
Deferred tax liabilities	$ 1,255,099	$ 10,618	$ 1,265,717
Total effect on liabilities	$ 3,816,668	$ 10,618	$ 3,827,286
Retained earnings	$ 6,746,977	$ 327	$ 6,747,304
Total effect on equity	$ 8,158,633	$ 327	$ 8,158,960
Impact on total comprehensive income for the year ended December 31, 2022			
Income tax expense	$ 316,981	$ (197)	$ 316,784
Total effect on net profit for the year	1,373,833	197	1,374,030
Total effect on total comprehensive income for the year	$ 1,457,556	$ 197	$ 1,457,753

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined assets which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

The subsidiaries are incorporated in the parent company only financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the Company on consolidated financial statements, the effect of the differences between the parent company only basis and consolidated basis are adjusted in the investments accounted for using the equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries and related equity.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purposes of presenting the parent company only financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

e. Inventories

Inventories consist of finished goods, work-in-process, raw materials and supplies and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost.

f. Investments accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. Differences between the carrying amounts of the investment and the fair value of the consideration paid or received are directly recognized in equity.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting year, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to individual cash-generating units or the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of corresponding the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at Financial asset at FVTPL, amortized cost, and investments in equity instruments at FVTOCI.

i Financial asset at FVTPL

Financial asset is classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL, which are not designated as instruments and derivative financial instruments that do not meet the amortized cost criteria or the FVOTCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

ii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, and other financial assets are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

i Internal or external information show that the debtor is unlikely to pay its creditors.

ii When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

Except financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities at FVTPL including financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 27.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including forward exchange contracts and interest rate swaps contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

k. Revenue recognition

The Company identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from sale of goods comes from sales of thermistors and varistors. Sales of thermistors and varistors are recognized as revenue when the goods are shipped or delivered to the customer’s specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Accounts receivable are recognized simultaneously.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

Refund liabilities are based on the historical experience and different contract items to estimate the probable sales returns and allowance.

l. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

The Company as lessee, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee’s incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grant will be received.

Government grants related to income are recognized in other income on a systematic basis over the period in which the Company recognized as expense the related cost that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan base on prevailing market interest rate.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit assets are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit assets represent the actual surplus in the Company’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years’ tax liabilities are added to or deducted from the current year’s tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 631	$ 549
Checking accounts	74	74
Demand deposits	1,138,435	925,234
Cash equivalents		
Time deposits with original maturities of 3 months or less	613,593	502,177
	$ 1,752,733	$ 1,428,034
The annual interest rate of time deposits (%)	2.60-2.74	2.71-3.00

The Company transacted with variety of financial institutions which are high credit quality to disperse credit risk, hence, there was no expected credit loss.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value though profit or loss (FVTPL)- current	December 31, 2022
Financial assets mandatorily classified as at FVTPL	
Derivative instruments (non-designated hedges)	
Swap contracts (b)	$ 92,250

Financial liabilities at FVTPL- current	
Financial assets mandatorily classified as at FVTPL	
Derivative instruments (non-designated hedges)	
Swap contracts (b)	$ 92,273
Forward exchange contracts (a)	67
	$ 92,340

a. At the end of the year, outstanding forward exchange contracts not under hedge accounting were as follows:

December 31, 2022

	Currency	Maturity Date	Notional Amount (In Thousands)
Buy	USD/CNY	2023.01	USD3,718/CNY25,901

b. At the end of the year, outstanding swap contracts not under hedge accounting were as follows:

December 31, 2022

Currency	Maturity Date	Notional Amount (In Thousands)
USD/NTD	2023.01	USD3,000/NTD92,122

The Company entered into forward exchange contracts and swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

Details of profit and loss of financial instruments at FVTPL for the year 2022 and 2021 list on Note 22.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31	
	2022	2021
Investments in equity instruments at FVTOCI		
Domestic unlisted shares	$ 25,723	$ 36,273

These investments in equity instruments are not held for trading or for short-term gains. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

9. NOTES AND ACCOUNTS RECEIVABLE

	December 31 2022	December 31 2021
Notes receivable		
At amortized cost		
Gross carrying amount - operating	$ 2,557	$ 3,879
Accounts receivable - non-related parties		
At amortized cost		
Gross carrying amount - operating	$ 849,075	$ 845,234
Less: Allowance for impairment loss	15,523	15,653
	$ 833,552	$ 829,581
Accounts receivable - related parties		
At amortized cost		
Gross carrying amount - operating (Note 28)	$ 179,793	$ 212,413

The Company's notes receivable and accounts receivable have been measured by amortized cost. Refer to Note 27 for information related to credit management policy.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

The Company writes off accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

There were no notes receivable that were past due and not impaired at the end of the reporting years.

The following table details the loss allowance of accounts receivable (including related parties) based on the Company's provision matrix:

December 31, 2022

	Not Past Due	Past Due 1to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.05	0.5	1	30	50	100	
Gross carrying amount	$ 980,321	$ 5,068	$ 26,531	$ 3,100	$ 34	$ 13,814	$ 1,028,868
Loss allowance (Lifetime ECLs)	(470)	(26)	(266)	(930)	(17)	(13,814)	(15,523)
Amortized cost	$ 979,851	$ 5,042	$ 26,265	$ 2,170	$ 17	$ -	$ 1,013,345

December 31, 2021

	Not Past Due	Past Due 1to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.05	0.5	1	30	50	100	
Gross carrying amount	$ 1,009,054	$ 3,040	$ 28,139	$ 3,496	$ 117	$ 13,801	$ 1,057,647
Loss allowance (Lifetime ECLs)	(443)	(15)	(281)	(1,049)	(64)	(13,801)	(15,653)
Amortized cost	$ 1,008,611	$ 3,025	$ 27,858	$ 2,447	$ 53	$ -	$ 1,041,994

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 15,653	$ 15,022
Net remeasurement (reversal) of loss allowance	(130)	631
Balance at December 31	$ 15,523	$ 15,653

10. INVENTORIES

	December 31	
	2022	2021
Finished goods	$ 175,797	$ 219,022
Semi-finished	59,087	20,099
Work-in-process	69,908	52,895
Raw materials	36,348	100,242
Supplies	2,943	6,444
Inventory in transit	6,065	12,293
	$ 350,148	$ 410,995

The cost of inventories recognized as cost of goods sold and recognized under cost of goods sold, which included the following items:

	For the Year Ended December 31	
	2022	2021
Cost of goods sold	$ 2,466,157	$ 2,310,989
Write-off obsolete inventories	12,416	7,084
Inventory write-downs	74,365	2,334
	$ 86,781	$ 9,418

11. OTHER FINANCIAL ASSETS

	December 31	
	2022	2021
Pledged time deposits	$ 151,700	$ 305,600
Refundable deposits	2,315	2,315
	$ 154,015	$ 307,915
Current	$ 151,700	$ 276,800
Non-current	2,315	31,115
	$ 154,015	$ 307,915
Interest rate of pledge time deposits (%)	1.195-4.15	0.35-0.57

For information on other financial assets pledged, refer to Note 29.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in subsidiaries

	December 31	
	2022	2021
Not listed company		
Yenyo Technology Co., Ltd. (Yenyo)	$ 231,421	$ 202,130
Greenish Co., Ltd. (Greenish)	2,463,106	2,172,842
Thinking (Changzhou) Electronic Co., Ltd. (Thinking Changzhou)	1,794,272	2,050,787
Thinking Holding (Cayman) Co., Ltd. (Thinking Holding)	3,437,858	3,064,495
Thinking Electronic USA, Inc. (Thinking USA)	28,350	-
	$ 7,955,007	$ 7,490,254

At the end of the reporting period, the percentages of owners' voting rights in subsidiaries held by the Company were as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
	2022	2021
Yenyo	63.76%	63.76%
Greenish	100.00%	100.00%
Thinking Changzhou	47.39%	47.39%
Thinking Holding	100.00%	100.00%
Thinking USA	100.00%	-

In July 2021, the Company acquired 4,500,000 shares of its subsidiary Yenyo from non-controlling interests for $29,250 thousand, and the difference between the amount of consideration and the carrying amount of subsidiaries' net assets acquired was included in the capital reserve of $4,644 thousand; as a result, its shareholding increased from the original 52.61% to 63.76%. Since the preceding transaction did not change the Company's control over the subsidiary, the Company recognized such transaction as an equity transaction.

In order to implement the Group's global layout plan, the board of directors resolved to set up a new subsidiary in the USA on August 9, 2022, and the total investment amount is expected to be US$3 million. As of December 31, 2022, the Company had invested US$1 million in the subsidiary.

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2022 and 2021 were recognized based on the subsidiaries' financial statements which have been audited.

13. PROPERTY, PLANT, AND EQUIPMENT

a. Changes in cost and accumulated depreciation:

For the Year ended December 31, 2022

	Land	Buildings	Machinery and Equipment	Leasehold Improvements	Others	Property under Construction	Total
Cost							
Balance at January 1, 2022	$ 144,685	$ 209,636	$ 670,170	$ 1,514	$ 205,354	$ 385,218	$ 1,616,577
Additions	-	635	116,642	-	9,159	386,956	513,392
Disposals	-	-	(4,532)	-	(2,808)	-	(7,340)
Balance at December 31, 2022	$ 144,685	$ 210,271	$ 782,280	$ 1,514	$ 211,705	$ 772,174	$ 2,122,629
Accumulated depreciation							
Balance at January 1, 2022	$ -	$ 88,905	$ 416,111	$ 1,448	$ 173,136	$ -	$ 679,600
Depreciation expense	-	5,302	58,021	26	16,620	-	79,969
Disposals	-	-	(3,003)	-	(2,768)	-	(5,771)
Balance at December 31, 2022	$ -	$ 94,207	$ 471,129	$ 1,474	$ 186,988	$ -	$ 753,798
Carrying amount at December 31, 2022	$ 144,685	$ 116,064	$ 311,151	$ 40	$ 24,717	$ 772,174	$ 1,368,831

For the Year ended December 31, 2021

	Land	Buildings	Machinery and Equipment	Leasehold Improvements	Others	Property under Construction	Total
Cost							
Balance at January 1, 2021	$ 144,685	$ 208,664	$ 568,489	$ 1,514	$ 197,763	$ 104,013	$ 1,225,128
Additions	-	972	106,011	-	8,641	281,205	396,829
Disposals	-	-	(4,330)	-	(1,050)	-	(5,380)
Balance at December 31, 2021	$ 144,685	$ 209,636	$ 670,170	$ 1,514	$ 205,354	$ 385,218	$ 1,616,577
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 83,594	$ 374,541	$ 1,421	$ 152,044	$ -	$ 611,600
Depreciation expense	-	5,311	45,899	27	22,142	-	73,379
Disposals	-	-	(4,329)	-	(1,050)	-	(5,379)
Balance at December 31, 2021	$ -	$ 88,905	$ 416,111	$ 1,448	$ 173,136	$ -	$ 679,600
Carrying amount at December 31, 2021	$ 144,685	$ 120,731	$ 254,059	$ 66	$ 32,218	$ 385,218	$ 936,977

In January 2019, the board of directors of the Company approved the investment plan for the Nanzih Plant in Kaohsiung, and the estimated investment amount increased to $1,000,000 thousand in January 2021, which had not been completed and accepted as of the reporting date, and the actual project contract request was included in the property under construction.

A reconciliation of the above-mentioned increase in property, plant and equipment and the amount paid in the cash flow statement is as follows:

	For the Year Ended December 31	
	2022	2021
Investing activities that affected both cash and non-cash items		
Additions to property, plant, and equipment	$ 513,392	$ 396,829
Increase in payables for equipment (in other payables)	(18,541)	(12,397)
Increase (decrease) in payables for equipment-related parties (in other payables-related parties)	1,151	(1,151)
Increase (decrease) in prepayments for equipment	(28,080)	38,166
Capitalization of depreciation	(585)	(584)
Payments of acquisition of property, plant, and equipment	$ 467,337	$ 420,863

b. Useful lives

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main plants	60 years
Improvement engineering	60 years
Machinery and equipment	8 years
Leasehold improvement	10 years
Others	5-6 years

c. As of December 31, 2022 and 2021, the Company has not provided property, plant and equipment as guarantee.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Land	$ 51,078	$ 53,092

	For the Year Ended December 31	
	2022	2021
Depreciation charge for right-of-use assets - land	$ 2,014	$ 2,013

Except for the recognized depreciation, the Company did not have impairment or subleasing of right-of-use assets for the year ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 1,465	$ 1,023
Non-current	$ 52,235	$ 53,700

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	**2021**
Land	0.75-1.38	0.75-1.38

c. Material leasing activities and terms

The Company leases land located at Nanzih Export Processing Zone for the use of plants with the remaining useful life of 3 to 7 years. The government reserves the right to adjust the rent according to the assessed land value. The Company does not have bargain purchase options to acquire the leasehold land at the end of the lease period. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2022	**2021**
Expenses relating to short-term leases	$ 812	$ 821
Expenses relating to low-value asset leases	$ 402	$ 357
Total cash outflow for leases	$ 2,917	$ 2,795

15. BORROWINGS

a. Short - term borrowings

	December 31	
	2022	**2021**
Secured loans (Note 29)	$ 108,000	$ 249,630
Credit loans	570,000	500,000
	$ 678,000	$ 749,630
The annual interest rate (%)		
Secured loans	1.5	0.34
Credit loans	1.09-1.655	0.68-0.72

b. Long - term borrowings

	December 31	
	2022	**2021**
Credit Loans	$ 1,051,780	$ 700,540
Less: Government grants discount	15,104	12,440
Current portion of long-term borrowings	14,458	-
	$ 1,022,218	$ 688,100
The annual interest rate (%)	0.975	0.35

Borrowings under the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" have interest at prime rate and are used for capital expenditures and operating turnovers.

The details of the relevant loan contract are as follows:

1) Credit period: The credit period is from October 2020 to October 2027, and the credit is $1,264,000 thousand, which is a revolving loan allowing separate drawdowns, and all credits will expire in October 2027.

2) Borrowing interest rate: For the first 5 years from the date of initial drawdown, after the reduction of the variable interest rate of 0.495% based on the two-year fixed deposit interest rate of Chunghwa Post Co., Ltd. On the sixth year, when variable interest rate increases by 0.005% based on the two-year fixed deposit interest rate of Chunghwa Post Co., Ltd. The Company calculates its fair value with an annual interest rate of general condition. As of December 31, 2022 and 2021, which was 1.47% and 0.845% , respectively.

3) Repayment method: Monthly installments start on the fourth year from the date of initial drawdown until October 2027.

4) Each annual repayment plan drawdown is as follows:

Repayment year	Amounts of Repayment
2023 (November-December)	$ 14,458
2024	131,589
2025	286,741
2026	331,610
2027 (January-October)	287,382
	$ 1,051,780

16. ACCOUNTS PAYABLE

The Company’s accounts payable were from operating activities and were not secured by collaterals.

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms; therefore, no interest was charged on the outstanding accounts payable.

17. OTHER PAYABLES

	December 31	
	2022	2021
Payable for salaries and bonuses	$ 141,859	$ 165,627
Payable for employees’ compensation	79,543	91,100
Payable for purchase of equipment	58,668	40,127
Payable for remuneration of directors	23,242	26,800
Others	52,724	58,900
	$ 356,036	$ 382,554

18. REFUND LIABILITIES

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 92,669	$ 170,979
Reversed	-	(47,912)
Usage	(7,973)	(30,398)
Balance at December 31	$ 84,696	$ 92,669

The discount on refund liabilities was based on historical experience, management's judgments and other known reasons to estimate sales compensation and offset refund liability when compensation actually occurs.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute specific percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 85,577	$ 83,126
Fair value of plan assets	(99,091)	(94,226)
Net defined benefit assets	$ (13,514)	$ (11,100)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Balance at January 1, 2021	$ 81,262	$ (92,669)	$ (11,407)
Service cost			
Current service cost	104	-	104
Net interest expense (income)	631	(727)	(96)
Recognized in profit or loss	735	(727)	8
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(930)	(930)
Actuarial loss-change in financial assumptions	637	-	637
Actuarial loss - experience adjustments	1,723	-	1,723
Recognized in other comprehensive income	2,360	(930)	1,430
Contributions from the employer	-	(1,131)	(1,131)
Benefits paid	(1,231)	1,231	-
Balance at December 31, 2021	83,126	(94,226)	(11,100)
Service cost			
Current service cost	102	-	102
Net interest expense (income)	536	(612)	(76)
Recognized in profit or loss	638	(612)	26
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,315)	(7,315)
Actuarial loss-change in financial assumptions	(2,060)	-	(2,060)
Actuarial loss - experience adjustments	8,015	-	8,015
Recognized in other comprehensive income	5,955	(7,315)	(1,360)
Contributions from the employer	-	(1,080)	(1,080)
Benefits paid	(4,142)	4,142	-
Balance at December 31, 2022	$ 85,577	$ (99,091)	$ (13,514)

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

   A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk

   The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2022	**2021**
Discount rate (%)	1.25	0.65
Expected rate of salary increase (%)	2.00	2.00

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	**2021**
Discount rate		
0.25% increase	$ (816)	$ (1,056)
0.25% decrease	$ 841	$ 1,088
Expected rate of salary increase (decrease)		
1% increase	$ 3,454	$ 4,454
1% decrease	$ (3,135)	$ (4,026)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	**2021**
The expected contributions to the plans for the next year	$ 1,130	$ 1,130
Average duration of the defined benefit obligation (years)	8	9

20. EQUITY

a. Ordinary shares

	December 31	
	2022	**2021**
Number of shares authorized (in thousands)	200,000	200,000
Shares authorized	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousands)	128,113	128,113
Shares issued	$ 1,281,127	$ 1,281,127

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2022	**2021**
May be used to offset a deficit, distributed as cash dividends, or transferred to ordinary shares (Note)		
Conversion of bonds	$ 265,446	$ 265,446
Issuance of ordinary shares	59,168	59,168
Treasury share transactions	23,649	23,649
The difference between consideration and the carrying amount of subsidiaries acquired	4,644	4,644
	$ 352,907	$ 352,907

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to ordinary shares (limited to a certain percentage of the Company’s capital surplus and to once a year).

c. Retained earnings and dividend policy

Under the dividend policy in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company’s board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders’ meeting for distribution of dividends and bonuses to shareholders.

The Company’s dividend policy is also designed to meet the current and future development plans and takes into consideration the investment environment, capital needs, domestic or international competitive conditions while simultaneously meeting shareholders’ interests. The Company shall distribute the dividends at no less than 30% of the distributable earnings of the current year. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 20% of total dividends.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs” should be appropriated to or reversed from a special reserve by the Company. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020 were approved in the shareholders' meeting on June 16, 2022 and July 29, 2021, respectively. The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings		Dividend Per Share (NT$)	
	For the Year Ended		For the Year Ended	
	2021	2020	2021	2020
Legal reserve	$ 157,419	$ 138,883		
Special reserve	20,942	(83,219)		
Cash dividends	807,110	704,620	$ 6.3	$ 5.5
	$ 985,471	$ 760,284		

The appropriations of earnings for 2021 had been proposed by the Company's board of directors on March 22, 2022. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividend Per Share (NT$)
Legal reserve	$ 137,581	
Special reserve	(81,751)	
Cash dividends	691,809	$ 5.4
	$ 747,639	

The appropriations of earnings for 2022 are subject to the resolution of the shareholders in their meeting to be held on June 13, 2023.

d. Other equity items

1) Exchange differences on translation of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ (224,709)	$ (206,975)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	611,730	(139,598)
Share from subsidiaries accounted for using the equity method	(496,354)	117,430
Income tax (expenses) benefit relating to exchange differences arising on translation of foreign operations	(122,346)	27,920
Income tax benefit (expenses) relating to share from subsidiaries accounted for using the equity method	99,271	(23,486)
Balance at December 31	$ (132,408)	$ (224,709)

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 2,331	$ 5,539
Recognized for the year		
Unrealized loss on financial assets at FVTOCI	(10,550)	(3,208)
Balance at December 31	$ (8,219)	$ 2,331

21. OPERATING REVENUE

	For the Year Ended December 31	
	2022	**2021**
Revenue from contracts with customers		
Revenue from sale of goods	$ 3,619,075	$ 3,775,336
Service revenue	210	181
	$ 3,619,285	$ 3,775,517

a. Refer to Note 4 (k) for information related to contracts with customers.

b. Contract balances

	December 31, 2022	**December 31, 2021**	**January 1, 2021**
Notes and accounts receivable (Note 9)	$ 1,015,902	$ 1,045,873	$ 1,091,891

c. Disaggregation of revenue

	For the Year Ended December 31	
	2022	**2021**
Type of revenue		
Passive components	$ 3,619,075	$ 3,775,336
Service revenue	210	181
	$ 3,619,285	$ 3,775,517

22. NET PROFIT

Net profit included following items:

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 25,076	$ 14,285
Financial assets at fair value through income	-	102
Others	590	1,612
	$ 25,666	$ 15,999

b. Other income

	For the Year Ended December 31	
	2022	2021
Grants	$ 1,343	$ 894
Rental income	717	700
Dividend income	988	-
Others	426	678
	$ 3,474	$ 2,272

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Loss on financial assets at fair value through profit or loss	$ (2,165)	$ -
Foreign exchange gains (losses), net	142,798	(44,908)
Others	404	(1)
	$ 141,037	$ (44,909)

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest expense of borrowings	$ 16,228	$ 7,821
Interest on lease liabilities	680	688
	16,908	8,509
Less: Amounts included in the cost of qualifying assets	4,969	1,289
	$ 11,939	$ 7,220

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2022	**2021**
Capitalized interest amount	$ 4,969	$ 1,289
Capitalization rate (%)	0.35-1.23	0.35-1.23

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	**2021**
Property, plant and equipment	$ 79,969	$ 73,379
Right-of-use-assets	2,014	2,013
Computer software	7,463	5,559
	89,446	80,951
Less: Amounts included in the cost of qualifying assets	585	584
	$ 88,861	$ 80,367
An analysis of depreciation by function		
Operating costs	$ 67,280	$ 59,787
Operating expenses	14,118	15,021
	$ 81,398	$ 74,808
An analysis of amortization by function		
Operating costs	$ 2,712	$ 2,100
Operating expenses	4,751	3,459
	$ 7,463	$ 5,559

f. Employee benefits expense

	For the Year Ended December 31	
	2022	**2021**
Short-term employee benefits		
Salary	$ 427,425	$ 458,613
Others	83,266	83,206
	510,691	541,819
Retirement benefits		
Defined contribution plans	$ 17,987	$ 17,901
Defined benefit plans (Note 19)	26	8
	18,013	17,909
	$ 528,704	$ 559,728
An analysis of employee benefits expense by function		
Operating costs	$ 203,040	$ 208,653
Operating expenses	325,664	351,075
	$ 528,704	$ 559,728

g. Compensation of employees and remuneration of directors

The Company accrues compensation of employees and remuneration of directors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. The appropriations of employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 22, 2023 and March 21, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Accrual rate		
Employees' compensation (%)	3.9	4.3
Remuneration of directors (%)	1.3	1.3
Amounts		
Employees' compensation	$ 68,812	$ 91,100
Remuneration of directors	23,242	26,800

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAX

a. Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 259,460	$ 156,571
Income tax on unappropriated earnings	29,436	31,427
Adjustments for prior years	(21,936)	(2,514)
	266,960	185,484
Deferred tax		
In respect of the current year	59,813	223,029
Adjustments for prior years	(9,792)	2,636
	50,021	225,665
Income tax expense recognized in profit or loss	$ 316,981	$ 411,149

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before income tax	$ 1,690,814	$ 1,988,456
Income tax expense calculated at the statutory rate	$ 338,163	$ 397,691
Deductible income in determining taxable income	(5,682)	(4,091)
Tax-exempt income	(198)	-
Income tax on unappropriated earnings	29,436	31,427
Usage of investment credit	(13,010)	(14,000)
Adjustments for prior years' tax	(31,728)	122
Income tax expense recognized in profit or loss	$ 316,981	$ 411,149

The applicable tax rate of the Company is 20%.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred income tax expense (benefit)		
Remeasurement on defined benefit plans	$ 272	$ (286)
The difference in translation of foreign operations	122,346	(27,920)
Share of other comprehensive income (loss) of subsidiaries by using equity method	(99,271)	23,486
Income tax recognized in other comprehensive income	$ 23,347	$ (4,720)

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	$ 144,994	$ 96,076

d. Deferred tax assets and liabilities

The movements of net of deferred tax assets and liabilities are as follows:

For the Year ended December 31, 2022

Deferred Tax Assets	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Temporary differences				
Unrealized loss on inventories	$ 8,344	$ 15,413	$ -	$ 23,757
Unrealized gross profits	6,528	9,259	-	15,787
Unrealized refund liabilities	18,534	(1,595)	-	16,939

(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Exchange differences on translation of the financial statements of foreign operations	$ 122,441	$ -	$ (122,346)	$ 95
Share of other comprehensive income (loss) of subsidiaries for using the equity method	(66,264)	-	99,271	33,007
Others	9,424	(3,946)	(272)	5,206
	$ 99,007	$ 19,131	$ (23,347)	$ 94,791
Deferred Tax Liabilities				
Temporary differences				
Foreign investment income	$ 1,251,484	$ 54,820	$ -	$ 1,306,304
Others	3,615	14,332	-	17,947
	$ 1,255,099	$ 69,152	$ -	$ 1,324,251

(Concluded)

For the Year ended December 31, 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred Tax Assets				
Temporary differences				
Unrealized loss on inventories	$ 7,629	$ 715	$ -	$ 8,344
Unrealized gross profits	4,068	2,460	-	6,528
Unrealized refund liabilities	34,196	(15,662)	-	18,534
Exchange differences on translation of the financial statements of foreign operations	94,521	-	27,920	122,441
Share of other comprehensive income (loss) of subsidiaries for using the equity method	(42,778)	-	(23,486)	(66,264)
Others	12,153	(3,015)	286	9,424
	$ 109,789	$ (15,502)	$ 4,720	$ 99,007
Deferred Tax Liabilities				
Temporary differences				
Foreign investment income	$ 1,041,545	$ 209,939	$ -	$ 1,251,484
Others	3,391	224	-	3,615
	$ 1,044,936	$ 210,163	$ -	$ 1,255,099

e. Income tax assessments

The tax returns of the Company through 2020 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of EPS are as follows:

Net profit for the year

	For the Year Ended December 31	
	2022	2021
Net profit used in the computation of earnings per share	$ 1,373,833	$ 1,577,307

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	128,113	128,113
Effect of potentially dilutive ordinary shares		
Compensation of employees	706	652
Weighted average number of ordinary shares used in the computation of diluted earnings per share	128,819	128,765

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. GOVERNMENT GRANTS

The Company obtained government loans under the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" which have interest at prime rate and are used for capital expenditures and operating turnovers. The Company calculated its fair value with annual interest rate based on general condition. The difference between the acquisition amount borrowed and the fair value was classified as government's low interest grants and recognized as deferred revenue.

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 14,240	$ 7,480
Deferred revenue in the reporting period	7,135	7,512
Realized revenue in the reporting period (in other income)	(749)	(752)
Balance at December 31	$ 20,626	$ 14,240

Carrying amount of deferred revenue	December 31 2022	December 31 2021
Current (in other current liabilities)	$ 747	$ 751
Non-current	19,879	13,489
	$ 20,626	$ 14,240

26. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from the last 2 years.

The Company is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Company's management considers that the carrying amounts of financial assets and financial liabilities which are not measured at fair value approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 92,250	$ -	$ 92,250
Financial assets at FVTOCI				
Domestic unlisted shares	$ -	$ -	$ 25,723	$ 25,723
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 92,340	$ -	$ 92,340

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic unlisted shares	$ -	$ -	$ 36,273	$ 36,273

There were no transfers between Level 1 and Level 2 in 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

Financial assets	Equity Instruments Financial Assets at FVTOCI
Balance at January 1, 2022	$ 36,273
Recognized in other comprehensive income	(10,550)
Balanced at December 31, 2022	$ 25,723

For the year ended December 31, 2021

Financial assets	Equity Instruments Financial Assets at FVTOCI
Balance at January 1, 2021	$ 39,481
Recognized in other comprehensive income	(3,208)
Balanced at December 31, 2021	$ 36,273

3) Valuation techniques and assumptions used to measure the fair value of the Company

Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivatives - swap contracts and forward exchange contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic unlisted shares are determined using the market approach where the inputs are categories of business, values of same type of company and operation of company.

c. Categories of financial instruments

	December 31	
	2022	**2021**
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 92,250	$ -
Financial assets at amortized cost (Note 1)	2,926,962	2,784,492
Financial assets at FVTOCI		
Equity instruments	25,723	36,273
Financial liabilities		
FVTPL		
Mandatorily classified as at FVTPL	$ 92,340	$ -
Amortized cost (Note 2)	2,480,782	2,301,848

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties, but exclude income tax refund receivable), other financial assets.

2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, accounts payable (including related parties) and other payables (including related parties), long-term borrowings (including current portion) and guarantee deposits received.

d. Financial risk management objectives and policies

Financial risks associated with the management and operations of the Company included market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The treasury function reports monthly to the Company's management.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rate risks.

a) Foreign currency risk

The Company has foreign currency denominated sales and purchases, which exposes the Company to foreign currency risk. The Company engaged in derivative financial instruments within the scope of the policy, including forward exchange contracts and swap contracts, to mitigate the risk exposures to exchange rates that may arise from non-functional currency denominated assets and liabilities and certain anticipated transactions, but the impact of foreign currency exchange rate changes cannot be completely ruled out.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities exposed to foreign currency risk at the end of the reporting year are set out in Note 32.

Sensitivity analysis

The Company is mainly exposed to the risk from the fluctuations of the USD, CNY and EUR, and the sensitivity rate used when reporting foreign currency risk internally to key management personnel in foreign exchange rates is 1%. The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency.

	USD Impact For the Year Ended December 31		**CNY Impact For the Year Ended December 31**		**EUR Impact For the Year Ended December 31**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Profit or loss	$ 6,635	$ 10,097	$ 12,221	$ 9,236	$ 2,839	$ 1,348

b) Interest rate risk

The interest rate risk of the Company is primarily related to its fixed interest rates and variable rate of borrowing funds. The Company manages its interest rate risk by using interest rate swap contracts and forward interest rate contracts. Furthermore, total amount of the Company's cash and cash equivalents are considerably greater than the amount of bank loans which can process repayment procedure spontaneously. Therefore, interest rate risk does not have significant impact to the Company.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 738,808	$ 810,092
Financial liabilities	611,700	804,353
Cash flow interest rate risk		
Financial assets	1,167,235	925,234
Financial liabilities	1,156,676	688,100

Sensitivity analysis

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have been higher/lower by $106 thousand and by $2,371 thousand, respectively, which was mainly a result of the changes in the floating interest rate financial instrument.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation provided due to the financial guarantees provided by the Company, could be the carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company is continuously monitoring and spreading the aggregate transactions to each credit-qualified counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Company annually.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Bank loans are a major source of liquidity risk for the Company. As of December 31, 2022 and 2021, the Company had available unutilized short-term bank loan facilities set out in c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 75,004	$ 468,617	$ 221,523	$ -	$ -
Lease liabilities	178	356	1,600	7,677	60,883
Variable interest rate liabilities	120,864	1,709	22,144	1,062,026	-
Fixed interest rate liabilities	76,340	183,829	300,554	-	-
	$ 272,386	$ 654,511	$ 545,821	$ 1,069,703	$ 60,883

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 2,134	$ 7,677	$ 7,321	$ 7,321	$ 7,321	$ 38,920
Variable interest rate liabilities	144,717	1,062,026	-	-	-	-
	$ 146,851	$ 1,069,703	$ 7,321	$ 7,321	$ 7,321	$ 38,920

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 80,062	$ 521,570	$ 262,366	$ -	$ -
Lease liabilities	135	269	1,299	8,347	62,347
Variable interest rate liabilities	204	409	1,839	547,749	161,619
Fixed interest rate liabilities	150,525	599,953	-	-	-
	$ 230,926	$ 1,122,201	$ 265,504	$ 556,096	$ 223,966

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 1,703	$ 8,347	$ 7,321	$ 7,321	$ 7,321	$ 40,384
Variable interest rate liabilities	2,452	547,749	161,619	-	-	-
	$ 4,155	$ 556,096	$ 168,940	$ 7,321	$ 7,321	$ 40,384

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year.

December 31, 2022

	On Demand or Less than 1 Month
Gross settled	
Forward exchange contracts	
Inflows	$ 113,924
Outflows	(113,991)
	$ (67)
Swap contracts	
Inflows	$ 92,122
Outflows	(92,145)
	$ (23)

c) Financing facilities

	December 31 2022	December 31 2021
Bank loan facilities		
Amount used	$ 1,729,780	$ 1,450,170
Amount unused	2,204,220	2,372,830
	$ 3,934,000	$ 3,823,000

28. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and its relationship with the Company

Related Party Name	Related Party Category
Yenyo	Subsidiary
Thinking Changzhou	Subsidiary
Thinking Yichang	Subsidiary
Dongguan Welkin	Subsidiary
Welkin Electronic Industrial Co., Ltd. (Pingtung Welkin)	Related party in substance
Boh Chin Investment Co., Ltd. (Boh Chin Investment)	Related party in substance

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31 2022	2021
Sales of goods	Subsidiaries		
	Thinking Changzhou	$ 256,764	$ 249,647
	Dongguan Welkin	242,658	291,876
	Others	3,542	3,006
		$ 502,964	$ 544,529

The price of goods sold to related parties is calculated at cost plus gross profit. Since April 2021, the term of collection was changed from 90 days to 60 days from the invoice date, which was the same as those with non-related parties.

The amounts of unrealized gain on transactions with subsidiaries were $26,915 thousand and $29,161 thousand as of December 31, 2022 and 2021, respectively, which were recognized as the deduction of investments accounted for using the equity method.

c. Purchases of goods

Line Item	Related Party Category/Name	For the Year Ended December 31 2022	2021
Purchases of goods	Subsidiaries		
	Thinking Changzhou	$ 982,797	$ 889,632
	Dongguan Welkin	1,117,170	1,250,129
	Others	87,711	128,067
		$ 2,187,678	$ 2,267,828

The purchase price with related parties was based on cost plus gross profit. The prices were not comparable as the Company has no other similar category of purchases with non-related parties. The term of collection was 60 days from the invoice date.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Accounts receivable - related parties	Subsidiaries		
	Thinking Changzhou	$ 108,871	$ 86,544
	Dongguan Welkin	70,435	124,614
	Others	487	1,255
		$ 179,793	$ 212,413
Other receivables - related parties	Subsidiaries		
	Thinking Changzhou	$ 937	$ -
	Yenyo	121	-
	Thinking Yichang	-	121
	Related party in substance		
	Pingtung Welkin	-	145
		$ 1,058	$ 266

The payment terms between the Company and the related parties were 60 days after monthly closing, and the outstanding payment receivables from related parties were unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Accounts payable - related parties	Subsidiaries		
	Thinking Changzhou	$ 160,381	$ 186,048
	Dongguan Welkin	204,929	224,869
	Others	13,667	17,176
		$ 378,977	$ 428,093
Other payables - related parties	Subsidiaries		
	Thinking Changzhou	$ -	$ 1,151
	Related party in substance		
	Pingtung Welkin	3,999	4,448
		$ 3,999	$ 5,599

Other payables - related parties (Thinking Changzhou) were classified under payables for equipment. The Company and its related parties have monthly payment terms of 60 days, and the outstanding amounts due to related parties are not guaranteed.

f. Prepayments

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Prepayments for equipment	Subsidiaries		
	Dongguan Welkin	$ -	$ 766

g. Acquisition of property, plant and equipment

Related Party Category/Name	For the Year Ended December 31 2022	2021
Subsidiaries		
Thinking Changzhou	$ 1,427	$ 2,010
Dongguan Welkin	3,830	3,760
	$ 5,257	$ 5,770

h. Disposal of property, plant and equipment

For the Year Ended December 31, 2022

Related Party Category/Name	Proceeds	Gain (Loss) on Disposal
Subsidiaries		
Thinking Changzhou	$ 1,493	$ 251
Yenyo	115	74
	$ 1,608	$ 325

i. Other transactions with related parties

1) Consigned processing

Related Party Category/Name	For the Year Ended December 31 2022	2021
Related party in substance - Pingtung Welkin	$ 10,918	$ 15,859

The prices and payment terms with substantial related parties were not comparable because the Company did not have other consigned processing businesses with non-related parties. The payment term was 60 days from the invoice date.

2) Consigned purchases

Related Party Category/Name	For the Year Ended December 31 2022	2021
Subsidiaries		
Thinking Yichang	$ 1,381	$ 314
Others	37	-
Related party in substance		
Pingtung Welkin	-	147
	$ 1,418	$ 461

3) Lease arrangements

Line Item	Related Party Category/Name	For the Year Ended December 31 2022	2021
Lease expense	Related Party in Substance Boh Chin Investment	$ 480	$ 480

The lease contract between the Company and related parties in substance is based on the market rental agreement under general payment terms.

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 69,419	$ 105,770
Post-employment benefits	853	865
	$ 70,272	$ 106,635

The remuneration of directors and other members of key management is determined by the remuneration committee based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL FOR SECURITY

The Company provided the following assets as collateral for bank borrowing and deposits of construction contract:

	December 31	
	2022	2021
Pledged deposits (classified as other financial assets)	$ 151,700	$ 305,600

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Company's unrecognized commitments due to the plants under construction and equipment were as follows:

	December 31	
	2022	2021
Acquisition of property, plant and equipment	$ 390,034	$ 395,064

31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In order to implement the Group's global layout plan, the board of directors resolved to set up a subsidiary in Vietnam on February 8, 2023, and the total investment amount is expected to be US$27 million.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousand)	Exchange Rate		Carrying Amount (In Thousand)
December 31, 2022				
Financial assets				
Monetary items				
USD	$ 33,412	30.725	(USD:NTD)	$ 1,026,584
CNY	283,097	4.4023	(CNY:NTD)	1,246,278
EUR	8,804	32.65	(EUR:NTD)	287,451
Non-monetary items				
Investment accounted for using the equity method				
USD	192,980	30.725	(USD:NTD)	5,929,314
CNY	408,258	4.4023	(CNY:NTD)	1,797,272
Financial liabilities				
Monetary items				
USD	11,818	30.725	(USD:NTD)	363,108
CNY	5,492	4.4023	(CNY:NTD)	24,177
EUR	110	32.65	(EUR:NTD)	3,592
December 31, 2021				
Financial assets				
Monetary items				
USD	$ 51,362	27.6800	(USD:NTD)	$ 1,421,700
CNY	219,785	4.3471	(CNY:NTD)	955,427
EUR	4,356	31.3200	(EUR:NTD)	136,430
Non-monetary items				
Investment accounted for using the equity method				
USD	189,210	27.6800	(USD:NTD)	5,237,337
CNY	471,760	4.3471	(CNY:NTD)	2,050,787
Financial liabilities				
Monetary items				
USD	14,884	27.6800	(USD:NTD)	411,989
CNY	7,333	4.3471	(CNY:NTD)	31,877
EUR	52	31.3200	(EUR:NTD)	1,629

The significant unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	Exchange Rate		Net Foreign Exchange Gains (Losses)
For the year ended December 31, 2022			
USD	30.725	(USD:NTD)	$ 5,257
CNY	4.4023	(CNY:NTD)	1,523
EUR	32.65	(EUR:NTD)	(8,618)
			$ (1,838)
For the year ended December 31, 2021			
USD	27.6800	(USD:NTD)	$ (3,783)
CNY	4.3471	(CNY:NTD)	1,500
EUR	31.32	(EUR:NTD)	(1,099)
			$ (3,382)

33. ADDITIONAL DISCLOSURES

a. Information on significant transactions and b. investees

1) Financing provided to others: None.

2) Endorsement/guarantee provided: None.

3) Marketable securities held (excluding investment in subsidiaries): Table 1.

4) Marketable securities acquired or disposed of at cost or price of at least NT$300 million or 20% of the paid-in capital: Table 2.

5) Acquisition of individual real estate at cost of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.

9) Trading in derivative instruments: Note 7.

10) Information on investees: Table 5.

c. Information on investments in Mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of

investment in the mainland China areas: Table 6.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 3.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 3.

c) The amount of property transactions and the amount of the resultant gains or losses: Refer to Note 28.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

e) The highest balance, the end of year balance, the interest rates range, and total current year interest with respect to financing of funds: None.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: None.

d. Information of major shareholders

Information of major shareholder: Shareholding ratio of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 7

34. SEGMENT INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements; the parent company financial statements do not need to disclose segment information.

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Share							
	ACPA TECHNOLOGY CO., LTD.	-	Financial assets at FVTOCI - non-current	2,543,203	$ 25,723	11	$ 25,723	
Thinking Changzhou	CNY financial products							
	Structured Deposit Monthly Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current		CNY 20,000 thousand		CNY 20,000 thousand	
Thinking Yichang	CNY financial products							
	"Tian Libao" Net Worth Type - Industrial and Commercial Bank of China	-	Financial assets at FVTPL - current		CNY 6,000 thousand		CNY 6,000 thousand	
	Structured Deposit Monthly Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current		CNY 15,000 thousand		CNY 15,000 thousand	
	Time Deposit Monthly Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current		CNY 5,000 thousand		CNY 5,000 thousand	
	Structured Deposits - Bank of China	-	Financial assets at FVTPL - current		CNY 45,000 thousand		CNY 45,000 thousand	
Jiangxi Thinking	CNY financial products							
	Structured Deposit Monthly Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current		CNY 22,000 thousand		CNY 22,000 thousand	
	Time Deposit Monthly Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current		CNY 9,810 thousand		CNY 9,810 thousand	
Dongguan Welkin	CNY financial products							
	Point Gold Series Structured Deposit - China Merchants Bank	-	Financial assets at FVTPL - current		CNY 20,000 thousand		CNY 20,000 thousand	
	Structured deposits - E.SUN Bank	-	Financial assets at FVTPL - current		CNY 20,000 thousand		CNY 20,000 thousand	
Guangdong Welkin Thinking	CNY financial products							
	Point Gold Series Structured Deposit - China Merchants Bank	-	Financial assets at FVTPL - current		CNY 30,000 thousand		CNY 30,000 thousand	
Zhongshan Welkin	CNY financial products							
	Point Gold Series Structured Deposit - China Merchants Bank	-	Financial assets at FVTPL - current		CNY 15,000 thousand		CNY 15,000 thousand	

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Carrying Amount	Gain/Loss on Disposal	Number of shares	Amount
Thinking Changzhou	CNY financial products													
	Wishful Life V	Financial assets at FVTPL - current	Industrial and Commercial Bank of China		-	CNY 60,000 thousand	-	CNY - thousand	-	CNY 60,989 thousand	CNY 60,000 thousand	CNY 989 thousand	-	CNY - thousand
	"Tian Libal" net month type	Financial assets at FVTPL - current	Industrial and Commercial Bank of China		-	CNY 193 thousand	-	CNY 123,460 thousand	-	CNY 123,763 thousand	CNY 123,653 thousand	CNY 110 thousand	-	CNY - thousand
	Accumulate every day	Financial assets at FVTPL - current	Bank of China		-	CNY 14,500 thousand	-	CNY 110,650 thousand	-	CNY 125,224 thousand	CNY 125,150 thousand	CNY 74 thousand	-	CNY - thousand
	Qianyuan-An Xin daily cash management Open-end Fund CNY interest. rate structured products	Financial assets at FVTPL - current	China Construction Bank		-	CNY - thousand	-	CNY 161,430 thousand	-	CNY 161,613 thousand	CNY 161,430 thousand	CNY 183 thousand	-	CNY - thousand
	CNY Structured Time Deposit Monthly Profit	Financial assets at FVTPL - current	Fubon Bank (China)		-	CNY 120,000 thousand	-	CNY 20,000 thousand	-	CNY 124,500 thousand	CNY 120,000 thousand	CNY 4,500 thousand	-	CNY 20,000 thousand
Dongguan Welkin	CNY financial products													
	Point Gold Series Structured Deposit	Financial assets at FVTPL - current	China Merchants Bank		-	CNY 40,000 thousand	-	CNY 67,000 thousand	-	CNY 87,285 thousand	CNY 87,000 thousand	CNY 285 thousand	-	CNY 20,000 thousand
Zhongshan Welkin	CNY financial products													
	Point Gold Series Structured Deposit	Financial assets at FVTPL - current	China Merchants Bank		-	CNY - thousand	-	CNY 67,000 thousand	-	CNY 52,094 thousand	CNY 52,000 thousand	CNY 94 thousand	-	CNY 15,000 thousand
Thinking Yichang	CNY financial products													
	Structured deposits	Financial assets at FVTPL - current	Bank of China		-	CNY - thousand	-	CNY 60,000 thousand	-	CNY 15,222 thousand	CNY 15,000 thousand	CNY 222 thousand	-	CNY 45,000 thousand

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Receivable) Payable		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% of Total	
The Company	Thinking Changzhou	Subsidiary	Sales	$ (256,764)	(7)	60 days from the end of the month	$ -	-	$ (108,871)	(11)	
	Thinking Changzhou	Subsidiary	Purchases	982,797	41	60 days from the end of the month	-	-	160,381	21	
	Dongguan Welkin	Subsidiary	Sales	(242,658)	(7)	60 days from the end of the month	-	-	(70,435)	(7)	
	Dongguan Welkin	Subsidiary	Purchases	1,117,170	47	60 days from the end of the month	-	-	204,929	27	
Thinking Changzhou	Jiangxi Thinking	Associate	Sales	(100,888)	(3)	60 days from the end of the month	-	-	(13,038)	(1)	
	Jiangxi Thinking	Associate	Purchases	125,087	8	60 days from the end of the month	-	-	24,661	5	
	Dongguan Welkin	Associate	Sales	(154,684)	(5)	60 days from the end of the month	-	-	(25,086)	(3)	
Thinking Yichang	Jiangxi Thinking	Associate	Purchases	165,077	30	60 days from the end of the month	-	-	39,701	22	
	Guangdong Welkin Thinking	Associate	Sales	(145,953)	(16)	60 days from the end of the month	-	-	(4,327)	(2)	
	Dongguan Welkin	Associate	Sales	(270,754)	(30)	60 days from the end of the month	-	-	(73,146)	(29)	
Jiangxi Thinking	Dongguan Welkin	Associate	Sales	(241,340)	(34)	60 days from the end of the month	-	-	(37,096)	(24)	
	Zhongshan Welkin	Associate	Sales	(145,581)	(20)	60 days from the end of the month	-	-	(29,164)	(19)	
Guangdong Welkin Thinking	Dongguan Welkin	Associate	Sales	(178,709)	(22)	60 days from the end of the month	-	-	(18,958)	(15)	
	Dongguan Welkin	Associate	Purchases	312,016	62	60 days from the end of the month	-	-	2,434	21	
Dongguan Welkin	Zhongshan Welkin	Subsidiary	Purchases	406,599	20	60 days from the end of the month	-	-	121,339	16	

TABLE 4

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Actions Taken		
The Company	Thinking Changzhou	Subsidiary	$ 108,871	2.63	$ -	-	$ 64,086	$ -
Thinking Changzhou	The Company	Parent company	160,381	5.67	-	-	8,689	-
Dongguan Welkin	The Company	Parent company	204,929	5.20	-	-	193,019	-
Zhongshan Welkin	Dongguan Welkin	Parent company	121,339	4.96	-	-	70,502	-

TABLE 5

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION OF INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of shares	Percentage of ownership (%)	Carrying Amount			
The Company	Yenyo	Yilan	Processing, sales and manufacturing of diodes	$ 304,410	$ 304,410	25,732,508	63.76	$ 231,421	$ 44,551	$ 28,407	Note 1
	Greenish	British Virgin Island	Investment holding and international trading	242,300 (US$ 7,375 thousand)	242,300 (US$ 7,375 thousand)	7,374,997	100	2,463,106	251,749	254,508	Note 1
	Thinking Holding	Cayman	Investment holding and international trading	783,237 (US$ 25,176 thousand)	770,212 (US$ 24,729 thousand)	25,176,302	100	3,437,858	272,422	309,834	Note 1
	Thinking USA	USA	Electronic product design and marketing	30,715 (US$ 1,000 thousand)	-	1,000,000	100	28,350	(2,426)	(2,426)	
Thinking Holding	Thinking International	Mauritius	Investment holding and international trading	196,512 (US$ 6,075 thousand)	196,512 (US$ 6,075 thousand)	6,075,000	100	1,121,385	51,130	51,130	
	Thinking HK	Hong Kong	Investment holding and international trading	311,109 (US$ 10,020 thousand)	311,109 (US$ 10,020 thousand)	10,020,000	100	771,145	52,368	52,368	
	View Full Samoa	Samoa	Investment holding and international trading	155,108 (US$ 5,055 thousand)	155,108 (US$ 5,055 thousand)	5,055,000	100	1,401,729	150,409	150,409	
	Thinking Samoa	Samoa	Investment holding and international trading	112,518 (US$ 3,864 thousand)	94,465 (US$ 3,244 thousand)	3,864,354	100	185,611	19,028	19,028	

Note 1: The share of profits or losses of investee includes the effect of unrealized gross profit on intercompany transaction.

Note 2: Information of investees which located in mainland China, refer to Table 6.

TABLE 6

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss)of the Investee	Percentage of Ownership Direct or Indirect Investment	Investment Gain (Loss) (Note 7)	Carrying Amount as of December 31, 2022 (Note 7)	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Thinking Changzhou	Manufacturing and selling thermistors, varistors and sensors	US$ 31,260 thousand	Note 1	$ 452,725	$ -	$ -	$ 452,725	$ 516,533	100	$ 521,779	$ 3,628,440	$ 1,868,287 (US$ 61,686)	Note 10
Thinking Yichang	Manufacturing and selling thermistors, varistors and sensors	US$ 6,000 thousand	Note 2	194,170	-	-	194,170	51,221	100	51,221	1,120,042	-	
Jiangxi Thinking	Manufacturing and selling thermistors and varistors	US$ 10,000 thousand	Note 3	310,330	-	-	310,330	52,395	100	52,395	770,904	-	
Guangdong Welkin Thinking	Wholesale of thermistors, varistors, sensors and equipment	US$ 5,000 thousand	Note 4	153,547	-	-	153,547	48,851	100	48,851	363,733	-	
Dongguan Welkin	Manufacturing and selling thermistors, varistors, sensors and equipment	CNY$163,859 thousand	Note 5	93,706	18,053	-	111,759	183,337	100	183,337	1,789,678	-	
Zhongshan Welkin	Manufacturing and selling thermistors, varistors and sensors	CNY$140,000 thousand	Note 6	-	-	-	-	(17,027)	100	(17,027)	582,482	-	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$ 1,222,531 (US$38,474 thousand)	$ 949,372 (US$30,899 thousand) (Note 8)	$ 5,285,447 (Note 9)

Note 1: Indirectly investment in mainland China through Greenish which was registered in the third area. The Company increased the amount of indirect investments in mainland China through Greenish since 2003.

Note 2: Indirectly investment in mainland China through companies registered in the third area (Thinking International).

Note 3: Indirectly investment in mainland China through companies registered in the third area (Thinking HK).

Note 4: Indirectly investment in mainland China through companies registered in the third area (View Full Samoa).

Note 5: Indirectly investment in mainland China through companies registered in the third area, View Full Samoa and Thinking Samoa and the subsidiary, Thinking Changzhou.

Note 6: Indirectly investment in mainland China through subsidiary (Dongguan Welkin).

Note 7: Financial report had been audited by ultimate parent company's certified public accountant.

Note 8: The amount of US$30,899 thousand was the difference between the MOEA approved investment amount of US$38,474 thousand and the amount of accumulated outflow of investment from Taiwan amount of US$7,575 thousand. Such difference was the result of deducting the capital increase of US$22,024 thousand from the subsidiary in mainland China, deductions of US$176 thousand for remittance of liquidation proceeds to third parties not yet approved. The added surplus of the subsidiary in mainland China, which was approximately US$29,726 thousand, was repatriated, and the difference between the exchange rate of the remitted funds and US$49 thousand. The balance as of December 31, 2022 was based on the exchange rate of US$1=NT$30.725.

Note 9: The upper limit on investment in mainland China is determined by 60% of the Company's consolidated net worth.

Note 10: The Company recognized share of profits of Thinking Changzhou was $247,286 thousand, and Greenish recognized share of profits of Thinking Changzhou was $274,493 thousand. Total amount of share of profits was $521,779 thousand. The difference between total amount of share of profits and the net income of Thinking Changzhou resulted from unrealized gross profit on intercompany transactions.

TABLE 7

THINKING ELECTRONIC INDUSTRIAL CO., LTD

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Boh Chin Investment Co., Ltd.	27,178,247	21.21
Yih Chin Investment Co., Ltd.	15,871,153	12.38

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital in the parent company only financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Amount
Petty cash and cash on hand		$ 631
Bank deposit		
Deposit of NTD		
Checking accounts		74
Demand deposits		357,439
Foreign currency deposits (Note)		
Demand deposits	USD 5,278 thousand	162,177
	CNY 91,043 thousand	400,797
	EUR 6,122 thousand	199,897
	JPY 620 thousand	142
	HKD 4,562 thousand	17,983
Cash equivalents		
Time deposits with original maturities of 3 months or less		
Deposit of NTD		
Foreign currency deposits	CNY 139,380 thousand, with annual interest rate of 2.60%-2.74%. The expiry date of foreign currency deposits is February 2023.	613,593
		$ 1,752,733

Note: Foreign currency exchange rates of USD, CNY, EUR, JPY and HKD were as follows:

USD:NTD=1: 30.725.

CNY:NTD=1: 4.4023.

EUR:NTD=1: 32.65.

JPY:NTD=1: 0.2297.

HKD:NTD=1: 3.942.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Company A	Sale of goods	$ 733
Company B	Sale of goods	378
Company C	Sale of goods	269
Company D	Sale of goods	208
Others (Note)	Sale of goods	969
		$ 2,557

Note: The amounts of individual clients that are included in others does not exceed 5% of the account balance.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Amount	Over a Year	Remark
Related parties			
Thinking Changzhou	$ 108,871	$ -	Sale of goods
Thinking Yichang	487	-	Sale of goods
Dongguan Welkin	70,435	-	Sale of goods
	179,793	-	
Non-related parties			
E Company	52,093	-	Sale of goods
Others (Note)	796,982	13,814	Sale of goods
	849,075	13,814	
Less: Loss allowance	(15,523)	(13,814)	
	833,552	-	
	$ 1,013,345	$ -	

Note: The amount of individual clients that are included in others does not exceed 5% of the account balance.

STATEMENT 4

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount	Remark
Related parties		
Thinking Changzhou	$ 937	Transaction of property
Yenyo	121	Transaction of property
	1,058	
Non-related parties		
Income tax refund receivable	2,568	Business tax
Earned revenue receivable	3,247	
Others	7	
	5,822	
	$ 6,880	

STATEMENT 5

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Cost	Net Realizable Value (Note)
Finished goods	$ 175,797	$ 228,522
Semi-finished	59,087	118,532
Work-in-process	69,908	122,541
Raw materials	36,348	55,989
Supplies	2,943	3,124
Inventory in transit	6,065	6,065
	$ 350,148	$ 534,773

Note: Refer to Note 4 for accounting policy of net realizable value.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OTHER CURRENT ASSETS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Prepayment for purchases	$ 9,507
Prepaid expenses	9,677
Office supplies	3,234
Offsets against business tax payable	30,217
Others	546
	$ 53,181

STATEMENT 7

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance, January 1, 2022		Additions in Investment			Decrease in Investment			Balance, December 31, 2022			Market Value or Net Assets Value			
Investees	Shares	Amount	Shares	Amount		Shares	Amount		Shares	% of Ownership	Amount	Unit Price	Total Amount	Collateral	Note
Non-listed company															
Yenyo	25,732,508	$ 202,130	-	$ 29,291		-	$ -		25,732,508	63.76	$ 231,421	$ 9.19	$ 236,528	None	
Greenish	7,374,997	2,172,842	-	302,037		-	11,773		7,374,997	100	2,463,106	338.32	2,495,127	None	
Thinking Changzhou	10,075,514	2,050,787	4,739,290	438,680		-	695,195		14,814,804	47.39	1,794,272	117.95	1,747,409	None	
Thinking Holding	24,728,858	3,064,495	447,444	377,898		-	4,535		25,176,302	100	3,437,858	138.38	3,483,913	None	
Thinking USA	-	-	1,000,000	30,776		-	2,426		1,000,000	100	28,350	28.35	28,350	None	
		$ 7,490,254		$ 1,178,682	(Note 1)		$ 713,929	(Note 2)			$ 7,955,007		$ 7,991,327		

Note 1: Share of profits using the equity method, realized gain on transactions in the beginning of year, acquired investment funds using the equity method, exchange differences on the translation of the financial statements of foreign operations, remeasurement of defined benefit plans and Thinking Changzhou transferred surplus to capital during the year to $840,035 thousand, $29,161 thousand, $43,740 thousand, $115,376 thousand, $884 thousand and $149,486thousand.

Note 2: Share of loss using the equity method, unrealized gain on transactions in the beginning of year, Thinking Changzhouu surplus remittance and transferred surplus to capital to$2,426 thousand, $26,915 thousand, $535,102 thousand and $149,486 thousand.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2022		Additions in Investment		Decrease in Investment		Market Value or Net Assets Value		Accumulated Impairment	Collateral
	Shares	Fair Value	Shares (Note 1)	Amount	Shares	Amount (Note 2)	Shares	Fair Value (Note 3)		
Non-listed company's shares										
ACPA TECHNOLOGY CO., LTD.	2,469,130	$ 36,273	74,073	$ -	-	$ 10,550	2,543,203	$ 25,723	$ -	None

Note 1: ACPA TECHNOLOGY CO., LTD. transferred surplus to capital during the year, stock dividends allocated to the Company.

Note 2: Recognized as unrealized other comprehensive gain of financial assets at fair value.

Note 3: Refer to Note 27 for fair value measurement.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Balance at January 1, 2022	Additions	Deductions	Balance of December 31, 2022
Cost				
Land	$ 58,682	$ -	$ -	$ 58,682
Accumulated depreciation				
Land	(5,590)	(2,014)	-	(7,604)
	$ 53,092	$ (2,014)	$ -	$ 51,078

STATEMENT 10

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Type of Borrowings and Bank Name	Contract Period	Interest Rates for the Year (%)	Balance of December 31, 2022
Secured loans			
E. SUN Bank	2022.12.09-2023.03.09	1.5	$ 108,000
Credit Loans			
Bank SinoPac	2022.12.30-2023.01.03	1.655	120,000
Yuanta Bank	2022.10.13-2023.03.16	1.35-1.41	150,000
CTBC Bank	2022.06.06-2023.05.31	1.09	300,000
			570,000
			$ 678,000

Note: At the end of December 31, 2022, the amount of unused short-term borrowings was approximately $2,204,220 thousand.

STATEMENT 11

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Related parties	
Dongguan Welkin	$ 204,929
Thinking Changzhou	160,381
Thinking Yichang	13,108
Yenyo	559
	378,977
Non-related parties	
Company F	5,583
Company G	5,166
Company H	2,469
Company I	1,360
Others (Note)	12,396
	26,974
	$ 405,951

Note: The amount of individual vendor that are included in others does not exceed 5% of the account balance.

STATEMENT 12

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Temporary receipts	$ 455
Withholding	1,871
Deferred revenue	747
	$ 3,073

STATEMENT 13

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Lease Term	Discount Rate (%)	Balance of December 31, 2022
Land	2016.06-2029.10	0.75-1.38	$ 53,700
Less: Lease liabilities - current			1,465
Lease liabilities - non-current			$ 52,235

STATEMENT 14

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OPERATING REVENUE
FOR THE YEARS ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Shipments (Thousand PCS)	Amount
Revenue from sale of goods		
Passive components	5,854,078	$ 3,619,075
Service revenue		210
		$ 3,619,285

TATEMENT 15

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OPERATING COSTS
FOR THE YEARS ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Production cost	
Raw material used	
Raw material, beginning of year	$ 100,242
Raw material purchased	145,624
Raw material, end of year	(36,348)
Others	(42,572)
	166,946
Supplies used	20,779
Direct labor	142,039
Manufacturing expense	253,896
Manufacturing cost	583,660
Work-in-process, beginning of year	72,994
Work-in-process purchased	8,475
Work-in-process, end of year	(128,995)
Others	(8,425)
Cost of finish goods	527,709
Finish goods, beginning of year	219,022
Finish goods purchased	2,189,795
Finish goods, end of year	(175,797)
Others	(367,235)
Total of production cost	2,393,494
Other operating cost	
Write-downs of inventories	74,365
Income from sale of scraps	(4,419)
Loss on obsolete inventory	12,416
Others	(9,699)
	72,663
	$ 2,466,157

TATEMENT 16

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Salaries	$ 52,735	$ 124,239	$ 85,160	$ 262,134
Labor cost (Note)	7,939	18,345	14,004	40,288
Export expense	15,545	45	-	15,590
Professional service fees	3,728	6,393	2,823	12,944
Commission expense	8,406	-	-	8,406
Depreciation and amortization expense	2,314	6,564	9,991	18,869
Utilities expense	124	689	4,023	4,836
Remuneration of directors	-	23,242	-	23,242
Consumption supplies	12	53	14,884	14,949
Shipping expense	13,554	485	133	14,172
Others	18,081	17,961	9,065	45,107
	$ 122,438	$ 198,016	$ 140,083	460,537
Expected credit loss reversed on trade receivables				130
				$ 460,407

Note: The labor cost includes labor and health insurance, pension, food stipend and others.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2022			2021		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Labor cost						
Salary and bonuses	$ 165,291	$ 262,134	$ 427,425	$ 172,620	$ 285,993	$ 458,613
Labor and health insurance	16,783	20,135	36,918	15,677	17,917	33,594
Pension	7,842	10,171	18,013	7,322	10,587	17,909
Remuneration of directors	-	23,242	23,242	-	26,800	26,800
Others	13,124	9,982	23,106	13,034	9,778	22,812
	$ 203,040	$ 325,664	$ 528,704	$ 208,653	$ 351,075	$ 559,728
Depreciation	$ 67,280	$ 14,118	$ 81,398	$ 59,787	$ 15,021	$ 74,808
Amortization	2,712	4,751	7,463	2,100	3,459	5,559

Note:

a. As of December 31, 2022 and 2021, the Company had 525 and 498 employees, respectively. There were 5 non-employee director for both of the reporting period.

b. The average employee welfare expense for the years ended December 31, 2022 and 2021 was $972 thousand and $1,081 thousand, respectively.

c. The average employee salary and bonuses for the years ended December 31, 2022 and 2021 was $822 thousand and $930 thousand, respectively.

d. Change in the average employee salary and bonuses was 12%.

e. The Company has established an audit committee to replace the role of supervisor, so it has no remuneration for supervisor.

f. The Company's salary and remuneration policy (including directors, supervisors, managers and employees).

1) Director

The Company's remuneration of directors are distributed in accordance with the Articles of Incorporation. Please refer to Note 22 (g) for related regulations. The remuneration will be adjusted based on the Company's operating conditions and the related regulations. In consideration of the Company's sustainable development, the remuneration of directors will be submitted to the compensation committee and the board of directors for approval.

(Continued)

2) Manager

Based on the “Rules for Distribution of Compensation to Managers”, the Company’s compensation committee will take the manager’s services provided and standards of the industry into consideration.

Monthly salary: Depending on the manager’s job tenure and the value of job title. Salary movement should not exceed 150% of the industry standards.

Variable salary: Depending on the Company’s operating condition, including bonuses and employee remuneration.

3) Employee

The principle of the Company’s employee salary system stands on fairness and competitiveness. Employee salary includes monthly salary and variable salary. For the total amount of remuneration of employees, please refer to Note 22 (g). Salary of employee is distributed according to the “Regulation of Salary” and according to the employee’s duties and professional skills. Remuneration of employee is also distributed according to the “Regulation of Distribution of Cash and Shares Dividends” and according to the employee’s performance and contribution to the Company.

(Concluded)